

~~SECRET SECURITY INFORMATION~~

DOCUMENT NO. ~~SECRET~~ DEPARTMENT OF COMMERCE

CIA HAS DETERMINED THAT THIS DOCUMENT
MAY BE DECLASSIFIED SUBJECT TO REVIEW WASHINGTON 25, D. C.

BY: ~~SECRET~~

AUTHORITY: HR 70-2

March 6, 1953

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REVIEWER: ~~SECRET~~

DATE: ~~SECRET~~

MEMORANDUM

To: Mr. Robert Amory, Jr., Chairman
EIC Committee
Central Intelligence Agency

From: E. E. Schnellbacher, Assistant Director
for Intelligence & Services
Office of International Trade
Department of Commerce

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As you are aware, one of the tasks assigned to the Transportation Sub-Committee last year was the study of the impact of shipping controls on the Soviet Bloc and Western Europe. The original outline of this study, submitted by the Department of State, included three chapters, one to be prepared by the Navy, one to be prepared by Commerce, and a third chapter on political aspects to be prepared by State. Early in 1952, the Chairman of TSC appointed a Working Group under the Chairmanship of Lieut. Commander Judd of ONI and consisting of MSA, State, Commerce, Defense and CIA. After a considerable discussion, the outline was approved by the Working Group.

The ONI Study was completed in May, 1952 and Commerce submitted its contribution in July, 1952. Thereupon State, after an almost two months' silence, advised the Working Group that the Commerce contribution was not complete and that State cannot complete its work until and unless more economic data is published by Commerce. Commerce then submitted a supplementary statement in September 1952. Until December, 1952, no noticeable progress was apparent until State submitted for discussion what was termed a preliminary draft of a statement which at the Working Group's meeting was found to be inadequate and in many instances not in agreement with the data submitted both by ONI and Commerce.

Nothing was officially done by State until it appears from the Minutes of the meeting of the TSC for February 19, 1953 that the Chairman of TSC, Mr. Bloom and the Executive Secretary of EIC, met with Dr. Pollaczek's superior, Mr. Dougherty and with representatives of EDS in State, and during their discussion it was decided that the study is complete as it

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SECRET SECURITY INFORMATION

~~SECRET~~ SECURITY INFORMATION

- 2 -

is and that State attach their statement as an appendix with the proviso that the members of the Working Group will be prevented from discussing, criticizing, or altering these statements.

Assuming that Mr. Bloom and Mr. Williams acted upon instructions from EIC, it is not clear why such a radical departure from the original outline became necessary. All EIC did was to note the delay in completion of this study and urge speed. The statement that EIC concluded that the political section of the study should be attached as an appendix to the report without comments by other agencies as pointed out above, raises a number of questions of procedure.

- (a) From the Minutes it is not clear by what authority Messrs. Bloom and Williams undertook to discuss with State matters which clearly lay within the province of the Working Group duly appointed and still in existence.
- (b) Does this action of the Chairman of TSC and his statement that the study submitted by ONI and Commerce is accepted as final indicate that the Working Group is not needed any longer, and, therefore, abolished? If so, what is the need of appointing Commander Meyertholen as Chairman of this Working Group.
- (c) Does the action of the Chairman of TSC merely constitute a change of Terms of Reference of the Working Group? If so, I believe the original study outline submitted by State should be revised first and all references to political implications of the impact of shipping controls on East-West trade should be eliminated from such outline.

If the members of TSC agree with the proposal of the Department of State as voiced by Mr. Bloom and recorded in the Minutes of the last meeting of TSC, it will amount to their endorsement of the reasoning and conclusions presented by the Department of State in their analysis. It also will imply that the members of the Working Group of TSC concur and endorse, by implication, the State Department's paper. I submit that this is not in accordance with the facts.

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